Cotton Exchang

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THE

NEW ORLEANS COTTON EXCHANGE

IN THE MATTER OF THE

GENERAL DECLINE IN PRICES.

The accompanying extracts from the proceedings of the International Monetary Conference held at Brussels, in November, 1892, and from the tables of the Finance Committee of the United States Senate, and also from those of Mr. Augustus Sauerbeck, and of the late Dr. Adolph Soetbeer, are submitted to prove that of recent years there has been a marked decline in very many articles of great importance, and that the decline in the price of cotton is no greater than is the average decline of these other commodities, none of which are practically handled in the so-called future markets.

A notable exception is in the case of coffee, which, according to the tables of Mr. Augustus Sauerbeck, shows that as between 1860 and 1891 an important advance has taken place in this article.

When it is borne in mind that no article is more extensively dealt in through the system of futures, both in the United States and Europe, than is coffee, it would seem clear that the contention that future selling depresses prices abnormally has no ground to stand on.

If, therefore, future selling, pure and simple, has put down the price of cotton, why has it not had the same effect on the price of coffee, when, as said above, coffee is an article that is enormously dealt in through the future markets of the United States and Europe?

The statistical information submitted is taken from the report by Senator Aldrich, from the Committee on Finance, March 3, 1893, Senate Document 1394, part 1, Fifty-second Congress, second session.

J. W. LABOUISSE,
President New Orleans Cotton Exchange.

I submit for the consideration of the committee a table showing the decline in the wholesale price of many commodities of daily use as between the period of 1860 and 1891.

The figures given in this table are taken from a report made by the Committee on Finance of the United States Senate in the second session of the Fifty-second Congress. The report is known as report No. 1394. The comparisons are made with the prices of 1860, that year having been one that was free from the disturbing influences brought about by the war and from the fluctuations in prices after the war that were caused by the constant change in the value of the greenback dollar as compared with the gold dollar until the resumption of specie payment in 1879. It will require but a rapid glance at the figures given to show that the decline in these various commodities has been on an average much greater than in the case of cotton; and when it is borne in mind that the great bulk of these articles are not dealt in in the way of future selling, as is the case with cotton, it seems obvious that the contention that the decline in the price of cotton since 1860 is due to future selling has no reasonable ground to stand on.

Articles.	Prices.		Percentage of decline.
	1860.	1891.	
Cheese	100	95.00	5.00 per cent.
Raisins	100	91.30	8.70 " "
Corn starch	100	82.40	17.60 " "
Oyster crackers	100	80.00	20.00 " "
Currants, dried	100	79.20	20.80 " "
Bacon	100	76.00	24.00 " "
Brown sugar	100	75.00	25.00 " "
Mess pork	100	75.00	25.00 " "
Flour	100	72.10	27.90 " "
Molasses	100	67.90	32.10 " "

Articles.	Prices. 1860.	Prices. 1891.	Percentage of decline.
Cut sugar	100	62.20	37.80 per cent.
Salt Beef, mess	100	60.90	39.10 " "
Coarse salt	100	55.40	44.60 " "
Fine boiled salt	100	52.00	48.00 " "
Tallow, prime, city, in hogsheads	100	45.10	54.90 " "
Brussels carpets	100	90.40	9.60 " "
Sole leather	100	87.00	13.00 " "
Leather, harness	100	85.70	14.30 " "
Cotton, upland, middling	100	84.70	15.30 " "
Brown sheetings, 4-4, Atlantic	100	83.10	16.90 " "
Blankets, 11-4, 5 pounds to pair, cotton warp, all wool filling	100	82.90	17.10 " "
Checks, black and white, all wool, 3-4, 7 oz., Harris	100	82.30	17.70 " "
Wool, Ohio, medium fleeced, scoured	100	81.70	18.30 " "
Horse blankets, 6 pound, all wool	100	81.10	18.90 " "
Denims, Amoskeag	100	81.00	19.00 " "
Drillings, 30-inch, Pepperell	100	76.80	23.20 " "
Carpets, ingrain, 2-ply, Lowell	100	78.40	21.60 " "
Blankets, 11-4, 5 pounds to the pair, cotton warp, cotton and wool filling	100	76.70	23.30 " "
Sheetings, bleached, 4-4, N. Y. Mills	100	71.70	28.30 " "
Tickings, Amoskeag, A. C. A	100	70.60	29.40 " "
Wool, Ohio, fine fleece, scoured	100	69 00	31.00 " "
Calico, Cocheco prints	100	63.20	36.80 " "
Dry hides, Buenos Ayres	100	55.20	44.80 " "
Print cloths, 28-in., 64 by 64, Metacomet	100	54.70	45.30 " "
Print cloths, standard, 28-in., 7 yards to pound	100	51.70	48.30 " "
Matches, 8-card	100	77.10	22 90 " "
Coal, bituminous	100	62.00	38.00 " "
Candles, best adamantine	100	48.10	51.90 " "
Lead drop shot	100	88.00	12.00 " "
Pig iron, No. 1, Anthracite Foundry	100	77.00	23.00 " "
Copper, sheet	100	74.60	25.40 " "
Shovels, Ames' No. 2, cast steel	100	72.70	27.30 " "
Pig lead	100	70.10	29.90 " "
Bar iron, best refined, rolled	100	72 40	27.60 " "
Saws, crosscut, 6-foot, Disston's	100	65.20	34.80 " "
Locks, common mortise	100	60.10	39.90 " "
Scythes	100	60 00	40.00 " "
Copper, ingot	100	59.60	40.40 " "
Nails, cut	100	59 40	40.60 " "
Iron wire, market, No. 10	100	57.70	42.30 " "
Locks, common rim	100	54.40	45.60 " "
Saws, circular, 52-inch, Disston's	100	52.80	47 20 " "
Meat cutters, Hale's No. 12	100	42.30	57.70 " "
Door knobs, mineral	100	40.00	60.00 " "
Saws, hand, common, Disston's	100	37.50	62.50 " "
Plate glass, polished, unsilvered, 1 3 sq. feet	100	87.80	12.20 " "
Carbonate of lead in oil	100	86.20	13.80 " "
Cement, Rosendale	100	85.00	15.00 " "
Window glass, American, 10 by 14, firsts, single	100	83.10	16.90 " "

Articles.	Prices.		Percentage of decline.
	1860.	1891.	
Tar, Wilmington	100	80.00	20.00 per cent.
Pine doors, unmoulded, etc	100	78.10	21.90 " "
Window glass, French, 10 by 14, firsts, single	100	78.00	22.00 " "
Plate glass, polished, unsilvered, 40-80 sq. feet	100	66.70	33.30 " "
Putty	100	66.70	33.30 " "
Plate glass, polished, unsilvered, 80-100 sq. feet	100	57.20	42.80 " "
Sugar of lead, Brown	100	80.00	20.00 " "
Alum, lump, crystal	100	77.80	22.20 " "
Copperas	100	75.00	25.00 " "
Flaxseed	100	69.30	30.70 " "
Soda ash	100	68.40	31.60 " "
Brimstone, crude	100	57.80	42.20 " "
Bichromate of potash	100	47.60	52.40 " "
Blue vitriol	100	47.40	52.60 " "
Opium	100	39.10	60.90 " "
Clycerine, refined	100	38.80	61.20 " "
Muriatic acid	100	29.20	70.80 " "
Quinine	100	27.30	72.70 " "
Sulphuric acid	100	27.30	72.70 " "
Wooden tubs	100	82.20	17.80 " "
Furniture, chairs, bedroom, maple, cane seat	100	70.00	30.00 " "
Glassware, tumblers, ½-pint	100	41.70	58.30 " "
" sets, finished	100	36.60	63.40 " "
" bowls, 8-inch	100	30.00	70.00 " "
" pitchers, ½-gallon	100	20.60	79.40 " "
" goblets, common	100	15.60	84.40 " "
Soap, castile, mottled, imported	100	73.50	26.50 " "
Starch, ordinary laundry	100	63.20	36.80 " "

The following figures are from the tables of the late Dr. Adolf Soetbeer, which were submitted to the Royal Commission that had under consideration the divergence in the price of gold and silver. They represent prices current in the market of Hamburg. To show in what high esteem the figures of Dr. Soetbeer were held by the Royal Commission, I quote from their final report, as follows, viz.:

"But before entering upon the statistics relating to the "production and consumption of the precious metals, "we desire to express our acknowledgment to the recent "work of Dr. Soetbeer, which contains so much valu- "able information on this and many other points con-

" nected with monetary questions. Throughout our " report we shall frequently refer on all statistical ques- " tions to the figures compiled by Dr. Soetbeer. He ex- " plains very fully in all cases the sources of his infor- " mation and the methods he has adopted in compiling it; " and we have not met with any other figures which ap- " pear more deserving of general acceptance."

In the subjoined table the average of the prices current in Hamburg for the period 1847-50, for the various articles named, is taken as a basis, and calling that basis 100, the pricts current in 1891 in Hamburg, as shown in the table, indicate the relative prices as compared with those of the period 1847-50, and the percentage of decline:

Articles.	Prices.		Percentage of Decline.
	1849-50.	1891.	
Carpets	100	76.62	23.38
Wheat	100	96.97	3.03
Wheat flour	100	83.68	16.32
Linseed oil	100	82.91	17.09
Raw sugar	100	62.44	37.56
Refined sugar	100	67.11	32 89
Tallow	100	68.05	31.95
Lard	100	71.36	28.64
Calf skins	100	86.73	13.27
Fish oil	100	70.22	29.78
Currants	100	83.31	16.69
Olive oil	100	96.66	3.34
Tea	100	74.31	25.69
Pimento	100	58.40	41.80
Cassia	100	22.81	77.19
Rice	100	54.04	45.96
Sago	100	53 09	46.91
Cochineal	100	22.24	77.76
Redwood	100	54.15	45.85
Mahogany	100	87.35	12.65
Palm oil	100	73.62	26.38
Pig iron	100	75.27	24.73
Bar iron	100	84.70	15.30
Steel	100	71.22	28.78
Copper	100	67.23	32.77
Quicksilver	100	57.79	42.21
Sulphur, raw	100	89.01	10.99
Saltpetre	100	65.03	34.97
Salt	100	34.89	65.11

ARTICLES.	Prices.		Percentage of Decline.
	1849-50.	1891.	
Lime	100	69.75	30.25
Cement	100	87.66	12.34
Cotton	100	87.32	12.68
Wool	100	47.38	52.62
Flax	100	78.65	21.35
Hemp	100	79.52	20.48
Silk	100	59.28	40.72
Rags	100	87.88	12.12
Guano	100	46.89	53.11
Potash	100	56.36	43.64
Pitch	100	98.53	1.47
Soda	100	51.99	48.01
Tallow candles	100	41.63	58.37
Wax	100	50 26	49.74
Cotton yarn	100	93.48	6.52
Piece goods, plain	100	74.52	25.48
Piece goods, printed	100	65.90	34.10
Glass, common bottles	100	80.95	19.05
Linen, plain	100	77.43	22.57
Woolen and worsted yarn	100	96.88	3.12
Flannel	100	83.24	16.76

I also submit table of Augustus Sauerbeck.

Relative prices of commodities in England as between 1860 and 1891. The prices of 1860 are all placed at 100, and the figures for 1891 indicate the rise or fall as compared with 1860:

ARTICLES.	Prices.		Percentage of	
	1860.	1891.	Decline.	Advance.
Wheat, English Gazette	100	69.5	30.5	....
Wheat, American	100	75.1	24.9	....
Flour, town made, white	100	68.7	31.3	....
Barley, English Gazette	100	77.0	23.0	....
Oats, English Gazette	100	81.9	18.1	....
Maize, American mixed	100	80.0	20.0	....
Potatoes, good English	100	83.6	16.4	....
Rice, Rangoon, cargoes to arrive	100	77.2	22.8	....
Beef, prime	100	94.0	6.0	....
Beef, middling	100	95.2	4.8	....
Mutton, prime	100	94.6	5.4	....
Mutton, middling	100	84.0	16.0	....
Pork, large and small, average	100	72.2	27.8	....

Articles.	Prices.		Percentage of	
	1860.	1891.	Decline.	Advance.
Bacon, Waterford	100	92.6	7.4	....
Butter, Friesland, fine to finest	100	93.8	6.2	....
Sugar, British, West Indian, refining and German or French beet, average of price	100	56.3	43.7	....
Sugar, Java, floating cargoes	100	48.4	51.6	....
Coffee, Ceylon, plantation low middling	100	148.5	....	48.5
Coffee, Rio, good channel	100	126.7	....	26.7
Coffee, average of 19 and 20	100	137.6	....	37.6
Tea, Congon, common	100	33.8	66. 2	....
Tea, average import price	100	57.7	42. 3	....
Tea, average of 21 and 22	100	45.8	54. 2	....
Iron, Scotch pig	100	88.2	11.8	....
Iron, bars, common	100	86.5	13.5	....
Copper, Chile, bars	100	53.7	46.3	....
Tin, Straits	100	69 5	30.5	....
Lead, English pig	100	56.8	43 2	....
Coal, Wallsend, Hetton, in London	100	92.7	7.3	....
Cotton, middling, upland	100	75.0	25.0	....
Cotton, Fair Dhollorah (Surat)	100	65.0	35.0	....
Flax, average of St. Petersburg, 12-head best, and Russian, average import	100	54.0	46.0	....
Jute, good medium	100	81.3	18.7	....
Wool, merino, average of Port Phillip, average fleece, and Adelaide, average grease	100	60.1	39.9	....
Wool, English, Lincoln, half hogs	100	48.5	51.5	....
Silk, tsatlee	100	56.5	43.5	....
Hides, average of River Plate, dry and River Plate, salted	100	54.5	45.5	....
Leather, crop hides, 30-45 lbs	100	75.4	24.6	....
Tallow, average of St. Petersburg, Y. C. and town	100	59.7	40.3	....
Oil, palm	100	56.5	43.5	....
Oil, olive	100	74.1	25.9	....
Oil, linseed (49)	100	72.4	27.6	....
Linseed (50)	100	76.4	23.6	....
Average of 49 and 50	100	74.4	25.6	....
Nitrate of soda	100	59.3	40.7	....
Indigo, Bengal, good consuming	100	73.1	26.9	....
Timber, average of hewn, average import; and sawn or split, average import	100	61.0	39.0	....
Average of vegetable food	100	76.6	23.4	....
Average of animal food	100	89.5	10.5	....
Average of coffee, tea and sugar	100	72.0	28.0	....
Average minerals	100	83.1	16.9	....
Average of textile materials	100	68.0	32.0	....
Average of sundry materials	100	65.3	34.7	....
Average of all articles	100	75.4	24.6	....

(Extracts from speeches delivered at the International Monetary Conference in November, 1892.)

During the conference, Mr. Adolph Allard, delegate from Belgium, spoke as follows:

"Unfortunately, Mr. de Rothschild is not troubled by the fall in prices. He is disposed to think 'that wheat at 30 shillings a quarter, instead of 45 shillings, is rather a blessing than otherwise.' But I ask him what do the British farmers think of it? In Belgium, I can assert, agriculture is suffering from this deep evil; and as for England, I do not think that Mr. de Rothschild's views are shared by Mr. Chaplin, formerly Minister of Agriculture, who has traversed the whole of England in the search for remedies to be applied to these evils. It appears, too, from the reports contained in the English papers a week ago, that Monsignor Walsh, the Archbishop of Dublin, is concerning himself with the monetary question, on account of the disasters which are befalling Ireland. When giving evidence before an English commission on the subject of Irish evictions, he spoke in an absolutely bimetallic sense. He pointed out the evils which had been produced in England by the scarcity and the appreciation of gold, and also the extremely difficult, embarrassing and disastrous position in which the Irish farmers were placed by the same cause."

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At the same conference, the delegate from Mexico spoke as follows:

"The depreciation of silver, as it has appeared to foreign countries—for in our own country values have not perceptibly changed—has produced an actual premium on exportation. Articles which were not exported formerly are sold now in the markets of Europe and the United States at a loss of 8, 10, or 15 per cent. on the cost of their production and the expenses incurred, because compensation is found in the gain in exchange of 25 to 30 per cent. corresponding to the depreciation of

silver, and for this reason the export of articles other than silver has risen from $6,000,000 in 1873 to $27,000,000 in 1891."

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Mr. McCreary, member of the conference and delegate of the United States, spoke as follows:

"The statement of Mr. de Rothschild that 'if the conference should break up without arriving at any definite result, there would be a depreciation in the value of silver frightful to contemplate, and out of which a monetary panic might ensue,' is very significant, but this plan seems insufficient to meet the grave situation he presents, and inadequate as a remedy for decreasing prices and distressed agriculture. The complaints of English Chambers of Commerce, the recent statement of Archbishop Walsh, that 'the adoption of bimetallism or of some similar remedy, if there be a similar remedy, is, I am convinced, a matter of imperative necessity—that is, if the agricultural tenants of Ireland are not to be driven to inevitable ruin,' and the speech of Mr. Balfour, one of the ablest and most distinguished members of the British Parliament, in which, among other things, he said: 'I believe the bimetallic solution is possible and adequate. * * * I do say that the instrument of exchange which you actually have is a bad instrument, and I offer you for your acceptance an instrument which, if not perfect, is at all events practicable, and is incomparably better than any which you are likely to obtain by any other means of which I have any knowledge,' present the situation in Great Britain. It demands and will receive after awhile broader recognition and a better remedy than that suggested by Mr. de Rothschild."

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Sir William Houldsworth, delegate of Great Britain, spoke as follows:

"Now, my honorable colleague, Mr. Bertram Currie, has told you that 'cheap goods, not dear goods,' have

always been held to be the conditions of profitable trade. How, then, does he account for the fact that during the last eighteen years an unprecedented fall in prices has taken place (not less than 30 per cent., as measured by seven independent sets of index numbers), and yet there never was a time when, by the testimony of all engaged in agriculture, manufacturing and other trades, confirmed by the reports of two Royal Commissions in England and by investigations elsewhere, the profit earning power of every industry had more seriously and persistently declined, leading, as such a state of things must inevitably and ultimately lead, to irregularity of employment, serious reduction in the rate of wages in every department of industry, accompanied by strikes and lockouts and short time."

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Sir Guilford L. Molesworth, delegate of British India, spoke as follows:

"Our predecessors in the Paris Monetary Conference of 1878 and 1881 were almost unanimous in the opinion that silver must be rehabilitated. They only disagreed on the method of rehabilitation. Some were of opinion that matters would right themselves, whilst others considered that the remedy could only come by re-establishing the link that had existed between gold and silver prior to 1873.

"The opinion of the latter was undoubtedly correct. Matters have gone on from bad to worse, and now we are confronted by the fact that Mr. de Rothschild, the most renowned financier of the world, tells us that 'if this conference were to break up without arriving at any definite result there would be a depreciation in the value of silver out of which a monetary panic would ensue, the far-spreading effects of which it would be frightful to contemplate.'

"Now this state of things was clearly predicted by Ernest Seyd in 1871, when the severance of the link be-

tween gold and silver was first contemplated. His prediction has been so remarkably fulfilled that I must quote his words:

" 'It is a great mistake to suppose that the adoption of the gold valuation by other States besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing and cause a fall in the value of silver, from which England's trade and the Indian silver valuation will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be.

" ' The strong doctrinarianism existing in England as regards the gold valuation is so blind that when the time of depression sets in there will be this special feature: the economical authorities of the country will refuse to listen to the cause here foreshadowed, every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters; the workman and his strikes will be the first convenient target, then speculation and overtrading will have their turn. Many other allegations will be made, totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers. The great danger of the time will be that, among all this confusion and strife, England's supremacy in commerce and manufactures may go backward to an extent which can not be redressed when the real cause becomes recognized and the natural remedy is applied.'

" In fulfilment of this prediction we find that the difficulties under which we labor have been attributed to all sorts of irreconcilable causes. It has been necessary to invent a theory that progress in manufactures, in improved transport, inventions and banking have caused a species of economic revolution, which has created a new state in the conditions of trade and commerce differing from that which previously existed. But they overlook the fact that the alleged causes have been in active oper-

ation during the greater portion of the century (and when compared with the previous progress they were far more pronounced). It is obvious, therefore, that such a revolution, if it existed, should have arisen at an earlier period, and that it should have developed gradually, instead of setting in suddenly at the exact moment when the link was broken between gold and silver. Moreover, this theory involves another irreconcilable position. It is absurd to suppose that a revolution of this character could have affected gold prices so seriously, and yet should have left silver prices unaffected. Silver is the standard of value of more than half the world, yet silver prices have remained stable, whilst gold prices have fallen from 40 to 50 per cent."

* * * *

Mr. Van Den Berg, delegate from Holland, spoke as follows:

"The loss incurred by the Treasury of British India on the sum which it has annually to pay to the home treasury already amounts to millions of rupees. This loss is one of the heaviest charges of the Indian Budget. It falls ultimately upon the taxpayers and indirectly makes them suffer. Nothing can be more natural, then, than that many voices should have already been raised in India in favor of the gold standard. The director of the Bombay Mint, Mr. Lewis E. Hynes, has published in the Bombay *Gazette* of the 17th and 18th of August, 1875, an article showing that the immediate adoption of gold as a standard of value has become an absolute and imperative necessity.

"According to him, silver may remain in use as small change to supplement the gold, but the public must not be allowed to coin it freely; so that the importation of that metal will cease, and gold alone will be used to liquidate the balance which is generally due from Europe to the East.

"In this way it is possible that India, too, may be

found among the competitors, struggling for their share in the production of gold, and, in that case, the monetary question will enter upon a stage far graver than any previous ones. The theory of the insufficiency of gold, which you have successfully attacked by confining yourself to the needs of the people of Europe, will assume an entirely different aspect when we have to deal with an additional annual demand of 100,000,000 francs, perhaps, for the needs of the East. A general appreciation of gold will be the necessary consequence. The prices of all commodities which are exchanged for gold will fall."

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Dr. Andrews, President of Brown University of Rhode Island, and delegate of the United States, spoke as follows:

"Gentlemen, as I suggested, a second powerful consideration urges the thoughtful people of the United States to try and rehabilitate silver as money of full debt-paying power. It is this: They wish to stay that baneful, blighting, deadly fall of prices which for nearly thirty years has infected with miasma the economic life-blood of the whole world. They do not desire to debase the standard of value. They would have every debt paid in gold or its equivalent, but they do not wish gold to be arbitrarily and unjustly appreciated.

"Many writers of great intelligence fall into a curious confusion of cause and effect upon this point, identifying fall of general prices with intrinsic cheapening of commodities. For instance, the Berlin *Nation* had, some years since, an editorial on 'The Decline in Prices an Advance in Civilization,' wherein such decline was set forth, not as a sign of economic advance, which, under the world's present economic system, it often is, but as itself an element in such advance, which it is not. That many manufactured articles have long been decreasing in intrinsic cost is a great blessing, and articles of this class would doubtless have gone down more or less under an ideal system of

money. But it was not necessary that general prices should fall, and this fall, I maintain, has been an absolute and unmitigated curse to human civilization. Mark, it is not low prices which we condemn. Low prices, once established, are as good as high. That is to say, the words 'high' and ' low ' in respect to prices are not absolute but relative terms. The everlasting fall of prices, the act of sinking, is the accursed thing. None profit from it but such as are annuitants, and nothing else, and we may be sure that no civilized state is going to legislate to keep prices falling, when the fall is once seen, as it must soon be seen, to injure all but the very few unproductive people, who live upon their incomes."

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Mr. Boissevain, delegate of the Netherlands, spoke as follows:

" But how is the existence of plenty to be established, if not by an increase of prosperity? Now, I do not see that we have cause for rejoicing in any increase of general prosperity which has been exhibited in recent years. On the contrary, I think that almost everywhere and almost continuously, in spite of certain periods of reaction, we have had a period of depression for trade and industry. No one would be so bold as to say, no one would be able to prove, that we have passed through a period of prosperity, and yet prosperity ought to have been the result of plentiful supplies of products. I am not by any means alone in thinking that the real situation in recent times, the situation with which we are all acquainted, proves that the fall in prices is not the result of plenty. It is not the abundance of products which has made the scale sink on one side; it is the scarcity of coin, of money, which has made it rise on the other.

" I will not deal with this point at length, for all the arguments are known to you. This scarcity of money, this scarcity of gold, which has become the sole standard in all the countries of Europe and America, has neces-

sarily had an unfavorable influence upon commerce and industry.

"Mr. Weber told us also that the fall in the price of the white metal was wrongly attributed to its demonetization, instead of to the increased production. In my opinion the chief cause of the fall in the gold price of silver has been the enormous decrease in the monetary use of silver during the last twenty years, in consequence of the legislative measures which date from the new monetary law enacted in Germany.

"What is the state of things that we see at present? We see that in those countries which have a gold standard prices have fallen enormously; and that, on the contrary, in the countries which have a silver standard, in spite of the unfavorable treatment of silver in Europe, and in spite of the diminution in its uses, the relation of value between money and goods has remained almost exactly what it was twenty years ago. They try to frighten us by pointing to the dangers which ensue from the abundance of silver, and yet I repeat that in spite of the unfavorable position in which silver is placed we fail to observe in silver standard countries any of the evil results which ought to follow from that abundance."

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Further remarks of Mr. Allard, delegate of Belgium:

"The mass of precious metals, that is to say of gold and silver, in the world forms it seems a sort of common possession of the various nations. They pass from one nation to another; they exchange wealth and facilitate its just distribution, and they regulate general prices.

"Between 1848 and 1851 the production of these metals increased in a degree unprecedented in history. In a few years the gold from California and Australia had doubled the amount of gold and silver money actually circulating in the world.

"In spite of the efforts of a school which was at that time new, gold was not demonetized. Up to that time

the business world had not suspected that there was such a thing as a monetary question. We therefore refused to try so bold and dangerous an experiment.

"Under the influence of abundant money and the rise of prices there was such a rapid growth of progress, of commercial intercourse, of enterprise, and of production that the amount of gold soon became insufficient for the continually increasing demands upon it. The Bank of England was so much in need of the metal in 1860 that it was compelled to borrow 52,000,000 francs in gold from the Bank of France. It was for civilization an era of business, of prosperity, of work, and of abundance, which lasted till 1873.

"In 1873 silver was demonetized in Europe in accordance with the theories which had not prevailed in 1851.

"Silver had not fallen in value, and had given rise to no anxiety; and yet it was deprived of the right of being used as money, and was forbidden to enter Europe. It is confidently stated that this action was a serious blow to freedom of trade.

"In 1870, that is to say three years before this prohibition, it had been foretold that such a step would be inevitably followed by a revolution in prices, by a general fall in values and by a serious crisis.

"This crisis, which was foretold in 1870, is now, it is said, in action. The disturbances which it produces are the more unjust and the more profound since the fall in prices is not produced by the development of labor or by the abundance of wealth, but by an artificial cause, which is none other than the law proscribing silver and thereby producing appreciation of gold.

"No variation in the level of prices can be observed in silver countries. It follows therefore that the depreciation of silver in Europe is only produced by the appreciation of gold.

"It is said that this artificial fall in prices caused by the appreciation of gold has for its results terrible social

inequalities, the ruin of our agriculture, the slackness of our industries, the distress of our workmen, and the uneasiness which prevails everywhere.

"For twenty years there has been a continual endeavor on all sides to find some other cause, but none has been discovered; and therefore no more effectual remedy has been found than the monetary remedy.

"It appears to me that the task to which this conference of 1892 is specially called is to counteract the evil of the fall of prices and the artificial appreciation of gold, and to combat the instability of exchange between the gold countries, which constitute one-third of the world, and the silver countries, which form the other two-thirds."

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Sir Guilford Molesworth, delegate of British India spoke again, as follows:

"But in England we have something worse to fear than the crisis which Mr. de Rothschild predicts. It is impossible to close our eyes to the dangers which have been disclosed by the honorable delegate for Great Britain, Sir William Houldsworth. He will tell you that the industries of Lancashire have been simply ruined by the condition of our currency system, and that both employers and employed are clamoring for currency reform. In whatever direction we turn our eyes we find similar conditions of depression and distress, whether we turn to iron, steel, silk, woolen, or agricultural industries. A very large number of Chambers of Commerce in the United Kingdom have petitioned government for currency reform; and it was only last week that a large and influential meeting of the representatives of agricultural industry passed a resolution requesting the government to endeavor to secure, by an international agreement with the leading nations, the unrestricted coinage both of silver and gold. Next we find that Archbishop Walsh (the leader of political opinion in Ireland) declares that the adoption of bimetallism is a matter of imperative necessity

if the agricultural tenants of Ireland are not to be driven to inevitable ruin. And lastly we have India crying out that the development of her resources is hindered and her trade paralyzed by the difficulties into which the state of the currency has plunged her."

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Mr. Van. Den Berg, delegate of the Netherlands, spoke again, as follows:

"The sufficiency or the insufficiency of gold for the monetary uses of the world is, gentlemen, the real knot of the question before us. It is not unfamiliar that up till now the defenders of monometallism have always supported the idea that there was no lack of gold, and that a more or less considerable appreciation of the yellow metal was entirely out of the question. The bimetallists alone were of the contrary opinion, but now one of the most fervent partisans of monometallism has joined their ranks, and tells us that it is not silver which has fallen, but gold which has risen. The partisan which I have in mind is the *Statist*, of London, which is an authority in monetary and financial matters, and rightly so, because, unless I am mistaken, it is written at the dictation, or at least the inspiration, of the learned statistician, Robert Giffen. In the number of November 5, we read the following declaration apropos of the proposals submitted to the British government in regard to the possible introduction of the gold standard in British India.

"We presume that the plan is based upon the mistaken notion that the value of gold is more stable than that of silver. We have seen that between 1873 and 1880 all gold prices fell ruinously. We have also seen that during the same period silver prices did not fall; in other words, while the smaller quantity of gold year after year exchanged for a larger quantity of all other commodities, silver included, the same quantity of silver, or nearly the same, exchanged for the same quantity of all other commodities, gold excluded. Does it not necessarily follow

that it was the conditions which determined the value of gold, which altered, not the condition which determined the value of silver; or to put the matter into perhaps plainer language, does it not necessarily follow that the value of silver during the past twenty years has been far more stable than the value of gold?

"Gentlemen, has the weakness of gold monometallism ever been placed in clearer light than in the lines which I have cited, written by one of the most convinced monometallists?"

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Senator J. P. Jones, delegate from the United States, spoke as follows:

"Dr. Soetbeer's tables of prices, which include 114 leading commodities, taking the figures of 1849 as a basis, and estimating them at 100, show that by 1853 prices had risen to the ratio of 113, in 1863 to 125, and in 1873 to 138.

"It is a significant coincidence that beginning with 1873, the year in which, by the demonetization of silver, the volume of the world's money was reduced, the trend of prices of commodities in general was reversed, and a fall set in. Continuing his figures to 1885, Dr. Soetbeer gives the number for that year as 108—a decline of 30 per cent. in twelve years, or an average of 2½ per cent. per annum.

"Mr. Sauerbeck's investigations, made independently, take as a datum line the prices ruling from 1867 to 1877 and show that by September, 1887, the general range of prices had fallen to 68.7—the lowest within the century.

"Statistics show that the fall of prices in gold-standard countries has continued up to the present time and is still in process of operation, the *London Economist* stating the fall for the past two years at 4.8 per cent., or about 2½ per cent. per annum.

"Under the baneful influence of falling prices, agriculture ceases to be profitable. In the case of leased

farms, the rent, which was just and equitable when fixed, becomes, with the progress of time, unjust and inequitable, the payment requiring from year to year a constantly increasing proportion of the product, till nothing is left for the tenant but the hardest and barest existence. In cases in which the farms are owned by those who work them, the ownership in nine cases out of ten is encumbered by a mortgage. Very few working farmers own their own farms free. The mortgage that, at the beginning, was equivalent to but one-half the value of the farm, soon, owing to the fall of prices of the product and consequent reduction of value of the property, becomes worth three-fourths and ultimately, in many cases, upon the maturity of the mortgage, the farmer finds himself compelled to yield up his entire farm to the mortgagee in satisfaction of the incumbrance. Thus, by reason of the fall of prices, owing to an increase in the value of the money unit, agriculturists are reduced from comparative comfort to absolute penury. The effect upon the artisan class is no less injurious.

"When, at the beginning of this century, the South American colonies began their prolonged struggle for independence a material reduction took place in the supplies of the metal with which Europe had been enriched, and again the effects of monetary shrinkage began to make themselves felt in a fall of prices and a shriveling of industry. Professor Jevons demonstrated that between 1809 and 1849 the purchasing power of money increased fully 145 per cent., which is but another mode of stating that the general level of the prices of commodities fell 60 per cent., or at the rate of 1½ per cent. per annum.

"As was to be expected, all industry was deranged and distress was universal. As a consequence the masses of the people in all countries became engaged in riot and insurrection. In Great Britain mass meetings were held which sent to Parliament monster petitions for bread. On the continent of Europe open revolt taxed the energies of

the troops, and as a result of a display of military force large numbers of the people took refuge in secret political organizations which under cover of darkness plotted the overthrow of social order.

"So subtle was the cause of the difficulty that its origin eluded detection. The distress of the working classes was attributed to all causes except the real cause. By some it was ascribed to the greed and cupidity of the employing classes. By others—among them for the most part the economical writers of the time—to overproduction of commodities. The working men adopting these explanations inveighed violently against labor-saving machinery and against employers as a class. They could observe the hesitancy of capital to invest in productive enterprises—an investment that would mitigate the evil by giving employment to labor—but they failed to perceive that during a period of falling prices capitalists are compelled, in self-protection, to avoid industrial undertakings. It did not occur to the workers, nor to those who undertook to inform and instruct them in political economy, that at such time the basis upon which the operations of industry are conducted is not a level platform but an inclined plane—the production of the articles being effected at the cost, or price, corresponding with the higher end of the platform, while sales are effected at figures corresponding with that of the lower end. Employers were, therefore, carrying on business with little or no profit, and it was hardly to be expected that capital would seek investment in a direction in which the risk was not warranted by the reward."

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Senator Jones said again:

"Yet under present conditions the prices of all commodities are falling, and industrial conditions are yearly becoming less and less satisfactory.

"If the present ruinous process of falling prices is to be arrested, a larger supply of money must be provided with which to do business."

Senator Jones said again:

"Before the question of remonetization of silver arose, some of the ablest advocates of the gold standard were frank to admit and deplore the evils which they prophesied would result from a rise of gold owing to the failure of its supply to keep pace with demand. Thus the *London Economist*, in 1869, in its review of financial conditions, said:

"'It may be safely affirmed that the present annual supply of 30,000,000 pounds sterling of gold is no more han sufficient to meet the requirements of the expanding commerce of the world, and prevent that pressure of transactions and commodities on the precious metals which means in practice, *prices and wages constantly tending toward decline.*

"'The real danger is that the present supplies should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold deposits in three or four remote and neglected regions of the earth.'

"Not only have 'no rich gold deposits' been discovered since that time, but the production of the deposits then known has declined. The yield of $150,000,000, which in 1869 was considered barely sufficient to meet the demand, has fallen to $130,000,000 in 1892, while during the same period the needs for money have enormously increased. This increasing demand, pressing upon the falling supply, was of itself a sufficient misfortune, but the subsequent demonetization of silver struck a blow at all industry and commerce from which they have ever since been staggering."

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Senator Jones quotes from speech of the late Earl of Beaconsfield, delivered in 1879, as follows:

"Gold is every day appreciating in value, and as it appreciates in value, the lower become prices."

Senator Jones said further:

"According to the painstaking computations of Mr. Sauerbeck, production increased in England between 1850 and 1870 by 2¾ per cent. per annum, while between 1870 and 1885 it increased by only 1 1-6 per cent. per annum. Yet the general level of prices rose during the first period 15 to 20 per cent., while it fell during the second and shorter period no less than 30 per cent."

* * * *

Senator Jones said further:

"And now, Mr. President and gentlemen, I trust I shall not transcend the proprieties of the occasion if I take the liberty of inviting the special attention of the honorable delegates from Great Britain to what I am about to say.

"According to statements which have received widespread publication and which I have not seen contradicted, the fall of prices in England has been on such a scale that farms are going out of cultivation, and the landed interest is passing into the hands of mortgage companies. These circumstances serve to remind us of the statements made by an eminent historian of Great Britain, Sir Archibald Alison, to the effect that on the occasion of a former severe contraction of the money volume, on the passage by Parliament of the bill compelling payments in gold, prices rapidly fell—cotton sinking in the course of three months to one-half its former level. Within six months all prices had fallen one-half, and for three years showed no indications of improvement. By reason of this contraction of the currency the industry of that great nation was congealed as is a flowing stream by the severity of an Arctic winter.

"Bankruptcies increased in 1819 more than 50 per cent. over the number for the previous year. The owners of land, who in 1819 numbered 160,000, were, as the historian veritably informs us, reduced in seven years to the number of 30,000, and one person in every seven of the population was obliged to be supported by organized

charity. The disorganization of industry and the consequent compulsory idleness of workmen led to frequent conflicts between the people and the military. They also led to serious commercial crises."

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Senator Jones spoke again, as follows:

"By the evidence given before more than one Royal Commission, we are assured that the rupee will to-day in India purchase as much as it ever did in its history. What is the significance of this statement? It clearly implies that the farmer of the Punjab is now receiving more rupees for the 30 shillings which his wheat realizes in London than ten years since he obtained for 40 shillings. How is it possible that Europe and America can market their crops under such conditions of competition? Should the rupee fall in gold value in Great Britain to a shilling, while maintaining its full purchasing power in India, the agriculturists of England will see wheat selling in London at 20 shillings a quarter.

"While the so-called 'fall' of silver is stimulating the exports of India at the expense of the farmers of England and of the United States, it is at the same time building up in India a destructive and merciless competition in cotton goods to China at the expense of the people of Lancashire.

"To show the extent of the stimulus supplied to the Indian industries and the effect which the present policy of Great Britain is exercising upon the industries of Lancashire, I read the following brief but suggestive extract from a speech delivered by Mr. John A. Beith at a meeting in the town hall of Manchester, last October. Mr. Beith on this subject says:

"'In 1874 the total exports of yarn from Indian mills to China and Japan amounted to only 1,000,000 pounds. It was only in 1875, and when silver had fallen 3 pence per ounce, that the 1,000,000 pounds of exports, which it had taken Indian mills nearly ten years to get up to, at

once expanded, as if in obedience to the wave of an enchanter's wand, into 5,000,000 pounds. In 1880 there was a further fall of 5 pence per ounce, and, consequently, a further advantage to the silver of India and China, as compared with England accepting only gold payments, and so, then, the five millions of exports from India became 25 millions. In 1885 another fall took place, and the 25 millions became 75 millions. In 1889 there was a further fall of 5 pence in silver, and the 75 millions became 127 millions. In 1891 there was still a further fall, and the 127 millions of exports of yarn from India to China became 165 millions, so that in seventeen years, through the operation of this cause chiefly, 1,000,000 pounds of yarn exports per annum had risen to 165,000,000 pounds per annum. These are very large figures, but if you look a little more into the details they become even more appalling.

" 'One hundred and sixty-five million pounds of yarn sent from Bombay to China and Japan means that India is sending six times as much as the United Kingdom sends to China and Japan, twice as much as the United Kingdom sends to India, China and Japan together, and is indeed very fast approaching the figure of Lancashire's total exports of yarn to the whole world. If the ratio of increase continues as hitherto, the shipments from India will exceed in from three to four years the total shipments of yarn from the United Kingdom to the whole world, including India, China and Japan. It seems to me that those figures speak eloquently for themselves.' "

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Further on, Senator Jones spoke as follows:

" While, owing to the ruinous rise of gold, we have been unable to prevent a serious and continued fall in the prices of such commodities as are internationally dealt in, we have been able, by the aid of silver money, to sustain at a level more nearly consistent with justice the prices of commodities that form the subject of our domestic business.

The products that have not had an export have maintained their position better and fallen less than those of international trade, such as wheat and cotton."

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Mr. Allard, delegate from Belgium, spoke again, as follows:

"The statistics of Mr. Sauerbeck have clearly proved that the allegation of overproduction as a cause of falling prices is absolutely false. From 1860 to 1873 the total production of the world increased each year 2.8 per cent. That was the age of California and bimetallism. Prices increased 40 per cent.

"From 1873 to 1885 the production of the world increased yearly only 1.6 per cent.; a decrease of nearly one-half. Prices should have increased; but on the contrary they fell 32 per cent.

"The truth, gentlemen, was told by Mr. Goschen, in England, 1883: 'The fall of prices comes from the rise of gold.' He expressed his thought in these typical phrases: 'Fortunate are they who own sovereigns, and unfortunate they who own commodities, products, and other goods.'"

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Mr. de Osma, delegate of Spain, spoke as follows:

"Whatever personal sympathies we may feel, we must admit, gentlemen, that very few of us have been able to agree with the stoic opinion which denies the existence of a crisis and concludes very logically that there is no need of looking for a remedy. That opinion is too strongly contrasted with the attitude of some of our colleagues who are moreover themselves thoroughly convinced and perfectly impenitent monometallists. It disappears before the reiterated and recent declarations of statesmen, who have described the evils which are ruining the agriculture and destroying the industries of their countries with a precision whose significance it is impossible to mistake."

General Decline
in Prices

(New Orleans, n.d.)